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SUBJECT: AML: PROSPECTS FOR PARLIAMENTARY PASSAGE

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1. (SBU) Summary: Although the controversial draft bill has been languishing in interministerial vetting for three years, Government of Morocco (GOM) officials say the government will push through parliament new anti-money laundering (AML) legislation this spring. Citing a full legislative agenda and lack of proper political preparation, opposition parliamentarians are doubtful an AML law will be passed. Increasingly, signs are pointing to a government campaign to introduce into parliament the overdue AML bill in the foreseeable future. However, it is not unusual for sensitive or controversial legislation -- like AML -- to experience delays. End summary.

2. (SBU) GOM officials confidently tell econoffs that a draft anti-money laundering bill that has been languishing in interministerial vetting for more than three years will be introduced into and passed by parliament this Spring. The draft legislation, the key missing piece for Morocco's counter-terrorism finance legal framework, will establish a financial intelligence unit, provide new powers for freezing and seizing assets, and will require financial institutions to report suspect transactions. Unsurprisingly, in a country where the informal sector accounts for an estimated 40 percent of employment and employment and where the politically volatile northern regions depend on the lucrative hash trade for their livelihood, the bill has proven controversial and unpopular.

3. (SBU) Recently the Prime Minister resolved an internal dispute over whether the FIU should reside in the Ministry of Finance or at the Central Bank. It will be installed in the Prime Minister's Office. A GOM official responsible for preparing draft legislation for approval by cabinet (a prerequisite for presentation to parliament) told emboffs that the Secretariat General of Government (an OMB-like entity) had distributed a final draft to 60 key officials for review and approval. Finance Ministry officials confirmed their impression that the cabinet will consider the draft law in the near future. A senior advisor to the Minister of Justice told EconCouns that the government would aggressively push through the AML bill in the early days of the legislative session that begins in April. He rejected naysayers' claims that Members of Parliament (MPs) would block it or that the cabinet would fail to approve the bill.

4. (SBU) Opposition parliamentarians reject the GOM's optimistic claims. They say the government has not appropriately prepared MPs or the Moroccan people for the changes an AML law will bring. A Socialist Party MP who represents Marrakech and sits on the Finance Committee told EconCouns she doubted the bill would be presented in parliament in 2006. Noting the very full agenda of priority issues (but unable to name more than a few, and mentioning the already approved annual budget), an MP who represents a northern Morocco district told EconCouns that the parliamentary calendar could not accommodate the AML bill this year.

5. (SBU) Comment: After a long silence on the subject, the Moroccan media, particularly the French language financial press, began running positive news stories on the AML bill and GOM efforts to combat terrorism finance in late 2005. Such media coverage is often a harbinger of government action. Opposition parliamentarians could delay, but probably not block, the bill's passage. If the government puts its weight fully behind the AML law (as the Ministry of Justice Advisor indicated), the legislation should sail through parliament with little trouble. Experience has shown that legislative action, even on popular and non-contentious bills, can be excruciatingly slow. A sensitive bill like the draft AML law could be relegated to a slow track when and if it reaches the parliament.

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